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Exercise - Choose a Manager to Learn Multi-Criteria Decision Analysis - University of Colorado Boulder

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CVEN 5393 - Decision Analysis Example (Adapted from the Wikipedia Analytic Hierarchy Process page: https://en.wikipedia.org/wiki/Analytic_hierarchy_process)

Decision scenario

The company, founded in 1960, makes specialized industrial equipment. Its future success will depend on maintaining the strength of its older product lines and on generating a constant flow of new ones. The company's founder is retiring soon, and a consulting firm has developed a detailed plan for continuing its success in his absence. The plan will take five years to implement, and will replace the founder's highly subjective "seat of the pants" style with a more carefully thought out way of doing business.

The board of directors needs to choose someone to lead the company through the change and upheaval that implementing the consultant's plan will involve. In doing this work, the new leader will be required to make many unpopular decisions and take many unpopular actions. He or she will be expected to "clear the air" by stepping aside after the plan is fully implemented.

Six months ago, the board said:

After much thought and discussion, we have identified four criteria to be used in choosing the person to guide us through the upcoming period of change: experience, education, charisma and age. Experience is important because the job requires skills and knowledge that can only be developed through practical application. And though our beloved founder was a self-made man who didn't finish high school, the times demand that our new leader have an appropriate university education. Since the new leader will have to keep us all motivated during a difficult period of change, we prefer someone with an active, charismatic leadership style. Finally, the new leader's Age is important because he or she will need to have an appropriate career path after stepping down five years from now. — *Board of directors, letter to employees and shareholders*

Last week, they said:

After an extensive search, we have selected three candidates for this very challenging position. All are presently executives with the company. Choosing among them will be difficult, but we plan to announce our decision shortly. — *Board of directors, followup letter to employees and shareholders*

The three candidates are Tom, Dick, and Harry. Summaries of their backgrounds are shown on the next page.

PROMPT

Arrange yourselves in small groups. Have a discussion about which leader will be chosen. You may use whatever decision analysis process you'd like, but whatever you do, please document your decision process. Choose a speaker for your group, and be ready after the end of the discussion to share your decision process and final choice with the class.

In the context of the CVEN 5393 course, we use this example in an inductive way, in order to have students 'discover' relevant issues with multi-criteria decision analysis before we actually cover the theory.

See the data to support the choice of managers on the next page.



Tom



Dick



Harry

Age	50 years	60 years	30 years
Experience	10 years with us, plus 16 in a different industry, all in sales and marketing, all with great success. Currently VP Sales, Marketing, and Customer Service.	30 years with us, 8 in another company in our industry. Has had key responsibilities in every department. Currently Executive VP.	5 years with us, 4 with a CPA firm. Completed the management training program in record time and with record performance. Currently VP Finance.
Education	BS, Marketing, Marietta College, 26 years ago. Online MBA, University of Phoenix, last year.	BA and MA, American History, Duke University, 39 years ago. Phi Beta Kappa.	BS, Economics, Princeton, 10 years ago. MBA, Pittsburgh, 5 years ago. Licensed CPA.
Leadership Qualities	An active, inspirational leader. Beloved by his subordinates and all those who have ever worked with him.	A bit reserved. Leads by example and strength of knowledge. Everyone in the company likes him and respects him.	Leads quietly from his office. Highly respected for his brilliance and knowledge of financial matters.